

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The State Prompt Payment Act is amended by  
5 changing Section 3-2 as follows:

6 (30 ILCS 540/3-2) (from Ch. 127, par. 132.403-2)

7 Sec. 3-2. Beginning July 1, 1993, in any instance where a  
8 State official or agency is late in payment of a vendor's bill  
9 or invoice for goods or services furnished to the State, as  
10 defined in Section 1, properly approved in accordance with  
11 rules promulgated under Section 3-3, the State official or  
12 agency shall pay interest to the vendor in accordance with the  
13 following:

14 (1) Any bill, except a bill submitted under Article V  
15 of the Illinois Public Aid Code, approved for payment under  
16 this Section must be paid or the payment issued to the  
17 payee within 60 days of receipt of a proper bill or  
18 invoice. If payment is not issued to the payee within this  
19 60 day period, an interest penalty of 1.0% of any amount  
20 approved and unpaid shall be added for each month or  
21 fraction thereof after the end of this 60 day period, until  
22 final payment is made. Any bill submitted under Article V  
23 of the Illinois Public Aid Code approved for payment under

1       this Section must be paid or the payment issued to the  
2       payee within 30 days after receipt of a proper bill or  
3       invoice, and, if payment is not issued to the payee within  
4       this 30-day period, an interest penalty of 2.0% of any  
5       amount approved and unpaid shall be added for each month or  
6       fraction thereof after the end of this 30-day period, until  
7       final payment is made.

8           (1.1) A State agency shall review in a timely manner  
9       each bill or invoice after its receipt. If the State agency  
10       determines that the bill or invoice contains a defect  
11       making it unable to process the payment request, the agency  
12       shall notify the vendor requesting payment as soon as  
13       possible after discovering the defect pursuant to rules  
14       promulgated under Section 3-3; provided, however, that the  
15       notice for construction related bills or invoices must be  
16       given not later than 30 days after the bill or invoice was  
17       first submitted. The notice shall identify the defect and  
18       any additional information necessary to correct the  
19       defect. If one or more items on a construction related bill  
20       or invoice are disapproved, but not the entire bill or  
21       invoice, then the portion that is not disapproved shall be  
22       paid.

23           (2) Where a State official or agency is late in payment  
24       of a vendor's bill or invoice properly approved in  
25       accordance with this Act, and different late payment terms  
26       are not reduced to writing as a contractual agreement, the

1 State official or agency shall automatically pay interest  
2 penalties required by this Section amounting to \$50 or more  
3 to the appropriate vendor. Each agency shall be responsible  
4 for determining whether an interest penalty is owed and for  
5 paying the interest to the vendor. For interest of at least  
6 \$5 but less than \$50, the vendor must initiate a written  
7 request for the interest penalty when such interest is due  
8 and payable. The Department of Central Management Services  
9 and the State Comptroller shall jointly promulgate rules  
10 establishing the conditions under which interest of less  
11 than \$5 may be claimed and paid. In the event an individual  
12 has paid a vendor for services in advance, the provisions  
13 of this Section shall apply until payment is made to that  
14 individual.

15 (Source: P.A. 94-972, eff. 7-1-07.)